

## Farm Families and Succession Planning

Sharon A. DeVaney, Purdue University

This is a summary of the second part of the study conducted with farm families in 2001. The study was intended to learn more about farm families and the farm transfer process. Sharon DeVaney, Associate Professor at Purdue University in Indiana, conducted focus groups and interviews with farmers, spouses, and estate-planning attorneys. The study was funded by the United States Department of Agriculture and the National Endowment for Financial Education.

Farm transfer was unique to each farmer. It depended on the presence of a successor, age of the owner, size of the farm, and other factors that vary for each owner. Farmers sought advice in minimizing taxes and dividing assets. Turning the farm property into a flow of income and the communication between older and younger generations were important components of the farm transfer process.

Some farm families mentioned that current expenses for health care was a financial burden. Many expressed concern about the potential cost of long-term care. One of the primary benefits of having an off-farm job was the possibility of having access to health insurance coverage.

### Suggestions

1. Workshops on communication about farm transfer.

The difficulty in maintaining open lines of communication with extended family members was often mentioned. Farm transfer issues were a major concern as was discussing the need for making plans for health care for older family members. A case study approach may be a useful means of helping families prepare for communicating about these issues.

2. Opportunities for other sources of income.

Community leaders may be most likely persons to identify the need for increasing opportunities for off-farm employment or adding value to farm products.

### 3. Affordable health care.

This is an issue that should receive attention from policy makers. The cost of health care often means that families are going without needed health care or paying the high cost of health care and are unable to save for retirement or children's college education.

### 4. Information about Medicare, supplemental insurance, and long-term care insurance.

Often older people lack information about what is and is not covered by Medicare. Workshops are needed to help explain what is covered, what premiums pay for, and about the costs and benefits of supplemental insurance.

Professor DeVaney can be reached at 765-494-8300 or [sdevaney@purdue.edu](mailto:sdevaney@purdue.edu).

The study was funded by the United States Department of Agriculture (OYJ15) and the National Endowment for Financial Education (0006.02.2000).